



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

June 8, 1998

STB Approves Merger. After a year of close scrutiny, the Surface Transportation Board (STB) voted on June 8 to approve the joint application by Norfolk Southern (NS) and CSX Corp. to purchase the assets and share the routes of Conrail Inc. David Goode, president and CEO of Norfolk Southern, stated that the railroads "look forward to returning true rail competition to the eastern U.S..." The Federal government created Conrail in April 1976 through the consolidation of six bankrupt rail lines. Funds were appropriated to rebuild the tracks, locomotives, and freight cars; and in 1981 Conrail became profitable. The Federal government sold its ownership interest in Conrail to the private sector in 1987. The new owners of Conrail claim that the \$10 billion purchase will not only increase their business, but will also contribute to a decrease in air pollution and traffic accidents as it successfully competes with truck traffic. In addition, NS and CSX claim that shippers will benefit through more competitive pricing and an increase in efficiency as the two lines now are able to provide seamless transportation up and down the East Coast. In the past, it was necessary to transfer freight where CSX and NS lines ended and Conrail lines began, usually delaying freight by at least a day. Also, having learned valuable lessons from the Union Pacific-Southern Pacific merger, the two lines have increased their work force by 20 percent, are working to synchronize the railroad computer systems, and have vowed not to divide Conrail "until the systems are tested and their people are trained," according to John W. Snow, chairman and CEO of CSX Corp. In addition, the two lines will invest nearly \$500 million in capital improvements to help facilitate the transition. Critics of the acquisition include labor groups, who are concerned over safety issues, loss of jobs, and changes in collective bargaining agreements. Prior to the STB approval, Senator Alfonse D'Amato, R-NY, threatened to file a federal lawsuit if CSX and Norfolk Southern did not increase competition for certain areas of New York. The STB will publish its written decision on the application July 23, and it will go into effect August 23. NS and CSX may now "exercise control" over their newly acquired routes and assets. (*Reuters, AP, www.newspage.com, www.conrail.com*)

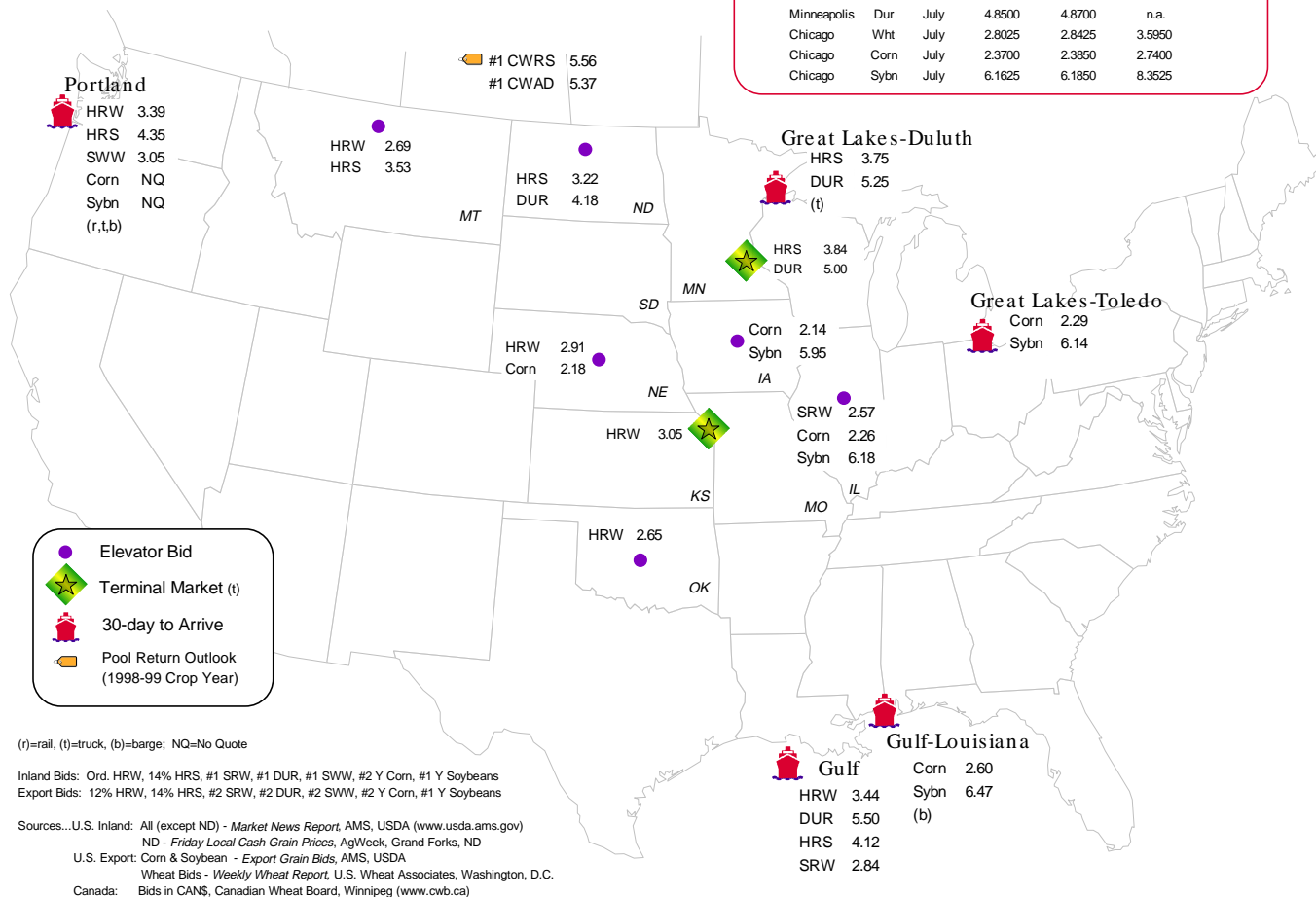
Large Wheat Crop, Low Prices. A surprisingly large harvest of winter wheat in parts of Texas and Oklahoma, along with low prices, may again be setting the stage for possible storage problems and rail congestion. It is being reported that farmers and marketing cooperatives are allowing the grain to be stored in elevator silos in anticipation of higher prices. An eventual increase in wheat prices, however, may come at a time when other grain crops are being harvested, causing a sudden surge in demand, and likely shortage, for grain rail cars. Winter wheat harvest lasts from late spring into the summer, while corn and grain sorghum, for example, are harvested in the summer, fall, and early winter. Burlington Northern-Santa Fe spokesman, Jim Sabourin, stated, "If everything comes at us at once, there is no way we can handle all of it." (*Fort Worth Star-Telegram*)

Pilots Agree To End Strike. Leaders of the towboat pilot group, Pilots Agree, have decided to end their strike by August 3, 1998. The strike, which began April 4, sought an increase in wages and attention to safety issues. Of the 1,400 pilots who joined the group, an estimated 600 decided to stop working, causing many remaining pilots to work beyond the normal 30-day period. The strike, however, did not appear to seriously impede barge movements, increase accident rates, or lead to unlawful barge operations by uncertified pilots. Dickey Mathes, Pilots Agree president, intends to poll river pilots, and, by August 3, determine how many would prefer to be represented in bargaining with their individual towing companies. (*Bridge News, www.pilotsagree.org*)

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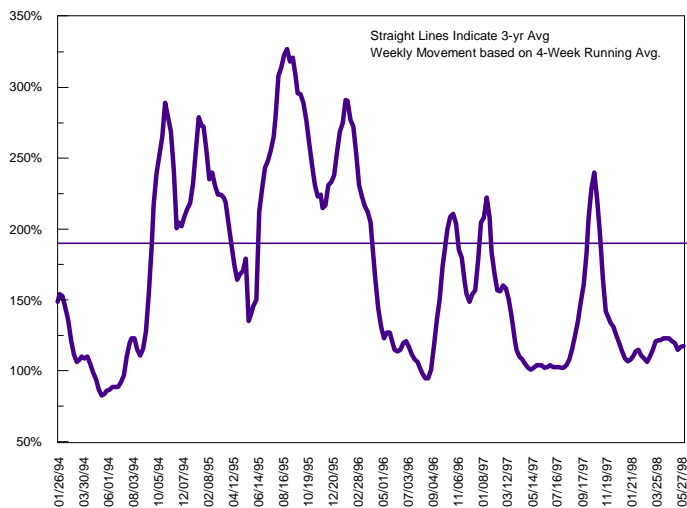
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Grain Bid Summary

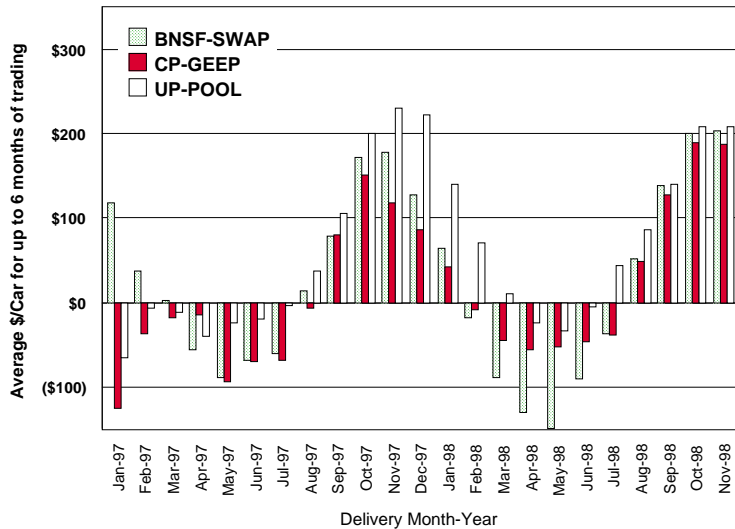


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids

See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Jul-98		Sept-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	6,784	43%	6,508	18%
UP-GCAS	5,400	54%	5,400	47%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jun-98	Jul-98	Aug-98	Sep-98
BNSF-COT	\$(41)	\$3	\$51	\$143
CP-GEEP	\$(18)	\$(10)	\$65	\$139
UP-Pool	\$1	\$72	\$88	\$127

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jul-98	Sep-98	Oct-98
COT/N. Grain	\$0	\$202	\$196
COT/S. Grain	\$16	\$202	\$265
GCAS/Region 2	\$26	\$43	no offer
GCAS/Region 4	\$68	\$111	no offer

Source: T&M/AMS USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
6/5/98	Upper Miss.	twk	150
	Mid Miss.	twk	125-135
		nwk	130-135
	Lower Miss.	twk	90
		Sept.	145

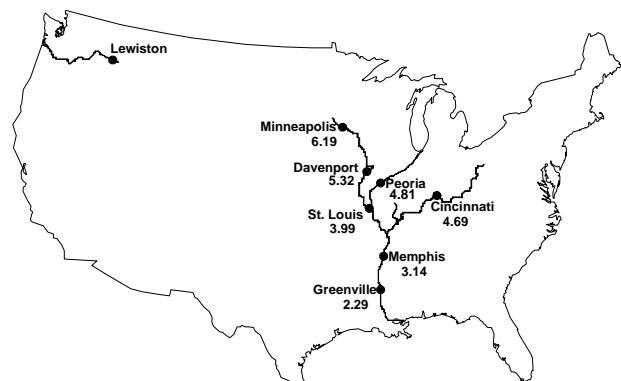
*Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

nwk=next week

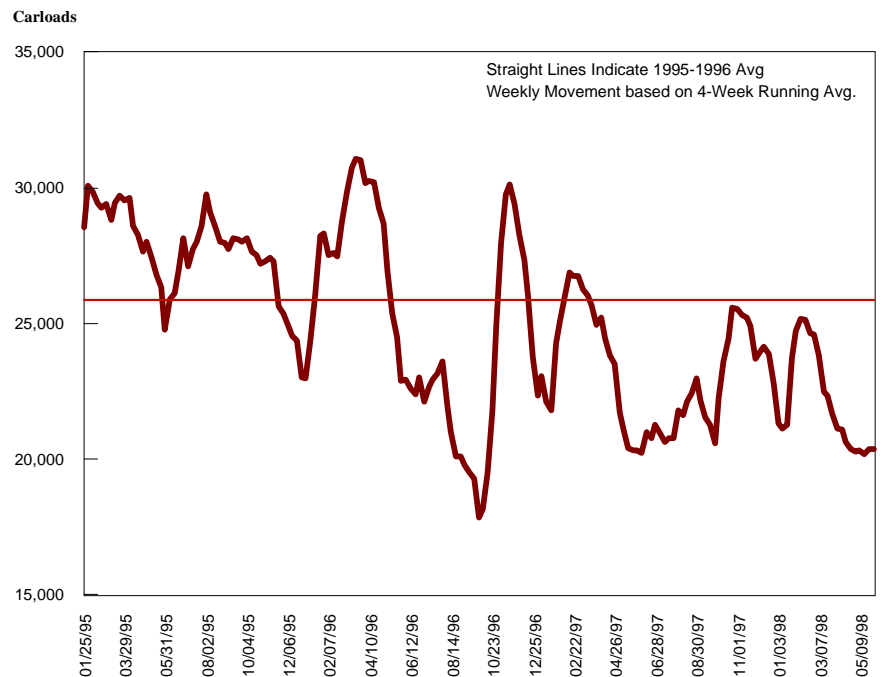
Southbound Barge Freight Spot Rates

	6/3/98	5/29/98	July '98	Sept. '98
Twin Cities	155	155	155	195
Mid-Mississippi	125	128	125	175
Illinois River	115	120	115	170
St. Louis-Cairo	95	98	100	150
Lower Ohio	100	100	110	175
Cairo-Memphis	95	95	100	145

Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
5/16/98	20,348
5/23/98	21,229
5/30/98	20,724
Year to Date - 1998	467,922
Year to Date - 1997	505,460
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

			<u>East</u>			<u>West</u>		<u>Canada</u>	
	Conrail	CSXT	IC	NS		BNSF	KCS	UP	CN CP
05/30/98	547	2,489	1,831	2,816		6,084	778	6,179	1,886 3,331
This Week Last Year	440	2,532	1,686	2,485		7,015	705	6,502	3,174 5,113
1998 YTD	14,439	51,136	29,666	54,141		171,583	13,989	132,968	53,896 88,074
1997 YTD	10,803	51,046	34,630	51,896		169,091	14,548	169,878	61,844 95,456
1996 Total	31,733	111,509	48,695	131,568		432,687	30,009	439,865	129,714 181,387
1995 Total	37,851	133,755	61,612	139,043		410,274	34,393	447,786	

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

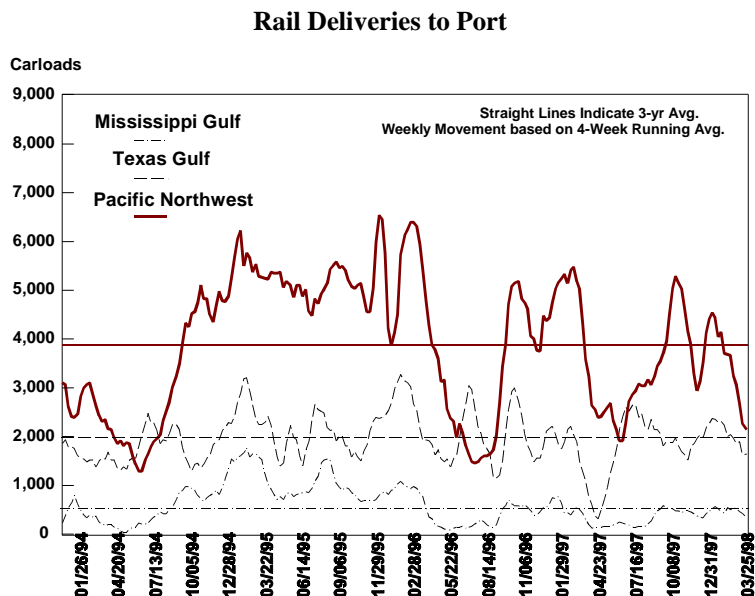
June 1998

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,350	\$12.25	\$0.41
05/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
05/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
05/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,450	\$11.57	\$0.41
05/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
05/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

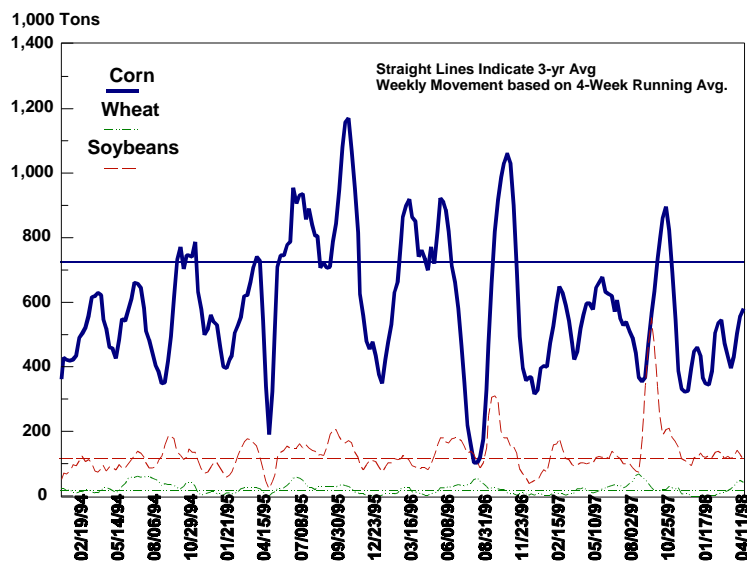
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
5/13/98	179	1,544	1,974	255
5/20/98	63	1,878	2,355	257
5/27/98	209	1,271	2,432	7
YTD 1998	8,486	41,178	68,013	5,759
YTD 1997	9,787	32,621	91,807	3,039
Total 1997	20,152	93,265	194,905	9,147
Total 1996	25,899	113,804	199,709	11,304
Source: Transportation & Marketing/AMS/USDA				



Barge Movements - Locks 27

**Barge Grain Movements**

for week ending 05/30/98

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	353	0	12	370
Winfield, MO (L25)	398	3	55	463
Alton, IL (L26)	521	6	57	589
Granite City, IL (L27)	525	6	67	613
Illinois River (L8)	148	3	12	164
Ohio (L52)	3	0	6	35
Arkansas (L1)	0	13	0	13
1998 YTD	10,315	727	3,359	15,955
1997 YTD	11,225	586	2,998	16,573
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
05/28/98	1,295	322	1,124	573	153	3,468	6,087	1,613	11,168
This Week Year Ago	1,417	803	1,016	656	295	4,187	8,437	3,925	16,549
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	9,752	4,702	6,216	5,406	1,232	27,308	27,031	22,345	76,684
96/97 YTD	7,373	3,641	7,822	6,052	963	25,852	35,117	21,852	82,821
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
06/04/98	177	172	0	92	620	156	94	1	7
1998 YTD **	4,215	3,043	391	2,335	11,279	7,174	2,582	178	560
1997 YTD **	5,092	5,258	882	1,593	12,838	8,186	1,054	921	422
% of Last Year	83%	58%	44%	147%	88%	88%	245%	19%	133%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

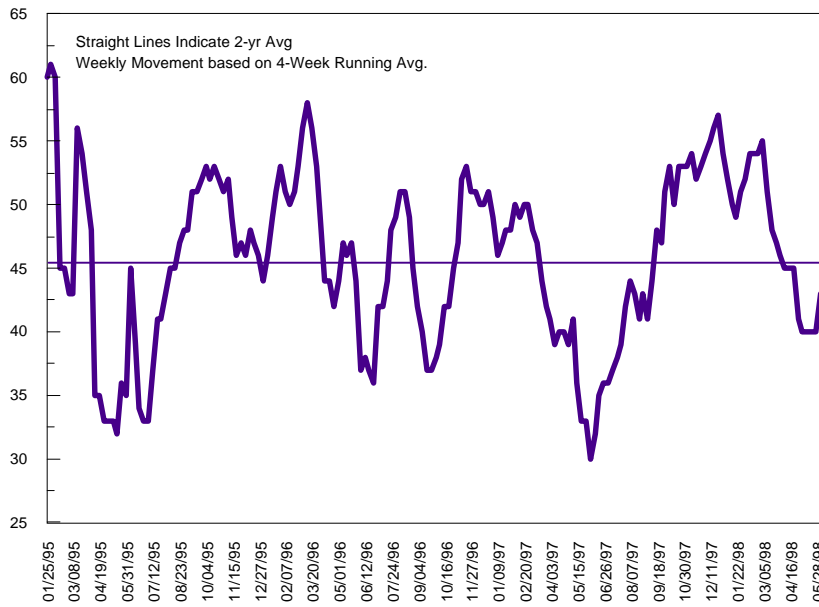
Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 05/28/98			
Vancouver	5,762	1,041	962
Prince Rupert	3,451	31	371
Prairie Direct	952	324	401
Thunder Bay	427	295	284
St. Lawrence	3,391	1,806	8
1997 YTD Exports	13,983	3,497	2,026
1996 YTD Exports	11,536	3,291	2,854
% of Last Year	121%	106%	71%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



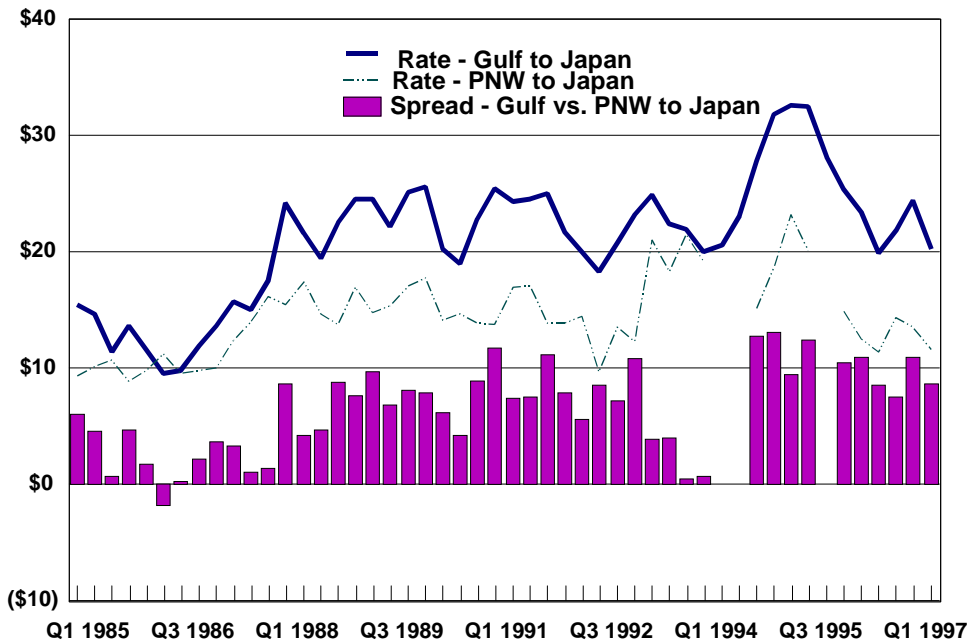
**Gulf Region
Vessels Loaded
- Past 7 Days-**

Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
05/28/98	28	37	47	7			9	12	0
06/04/98	22	48	50	7			1	10	3
1996 Range	(17..46)	(38..61)	(27..88)						
1995 Range	(11..67)	(22..64)	(31..90)						
1997 Avg	37	46	62						
1996 Avg	31	45	60						
1995 Avg	31	46	61						

Source: Transportation & Marketing /AMS/ USDA

US\$/Metric Ton

Quarterly Ocean
Freight Rates**Quarterly Ocean Freight Rates**

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1997 4 th Qtr	1996 4 th Qtr	% Change		1997 4 th Qtr	1996 4 th Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.01	\$22.64	-3%	Japan	\$13.34	\$14.66	-9%
Mexico	\$13.97	\$14.96	-7%	Red Sea/ Arabian Sea	\$20.18	\$22.74	-11%
Venezuela	\$13.59	\$12.62	8%				
N. Europe	\$11.34	\$13.28	-15%	Argentina to			
N. Africa	\$14.80	\$15.87	-7%	N. Europe	\$16.12	\$18.15	-11%
				Japan	\$23.23	\$30.37	14%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
St. Lawrence	So. Korea	Heavy Grains	June	52,000	\$14.85
Gulf	Lisbon/Hamburg	Grains	Prompt	20,000	\$12.50
Gulf	Japan	Heavy Grains	June	37,000-54,000	\$14.25-16.80
Gulf	Egypt	Wheat/Hvy Grains	June/July	55,000	\$8.75-9.00
Gulf	Vera Cruz (Mex.)	Heavy Grains	Prompt	21,000	\$8.50
PNW	Peru	Wheat	June	35,000	\$14.00
So. Brazil	Lisbon/Hamburg	Grains	Prompt	25,000	\$14.25
Rotterdam	Malaysia	Heavy Grain	June	55,000	\$13.00
Hamburg	Algeria	Wheat	Prompt	25,000	\$13.00
Ukraine	So. Korea	Wheat	Prompt	50,000	\$14.00

Source: Maritime Research Inc.